



**2005 Third Quarter
Report to Unitholders
for the nine month period ended September 30, 2005**

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Organizational Structure

The Fund

Gamehost Income Fund (the "Fund") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 9, 2003 (the "Fund Agreement").

The Trust

Gamehost Trust (the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 10, 2003 (the "Trust Agreement"). All of the issued and outstanding units of the Trust are owned by the Fund. The trustees of the Trust are the trustees of the Fund.

The Limited Partnership

Gamehost Limited Partnership (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Alberta. The Limited Partnership owns the assets and business operations of the Fund. These assets were acquired from Service Plus Hospitality Ltd., Will Inns Ltd. and Boomtown Casino Ltd. pursuant to a Plan of Arrangement (the "Plan of Arrangement") under the Business Corporations Act (Alberta) (the "ABCA"). The Limited Partnership began operations of the Fund effective June 1, 2003.

The Manager

The general partner of the Limited Partnership is Gamehost Management Inc. (the "Manager"). Pursuant to a management agreement (the "Management Agreement") between the Fund and the Manager, the administration and management of the Fund was delegated to the Manager.

Units

The Limited Partnership is authorized to issue unlimited numbers of both Class "A" units ("Fund Units") and Class "B" units ("B Units"). At present, all Fund Units of the Limited Partnership are held through the Trust and all B Units are held by the remaining partners of the Limited Partnership. There are 3,591,051 Fund Units and 3,444,800 B Units of the Limited Partnership issued and outstanding. B Units are exchangeable, on a one-for-one basis, for Fund Units. Holders of Fund Units and holders of B Units have equal voting rights.

Overview

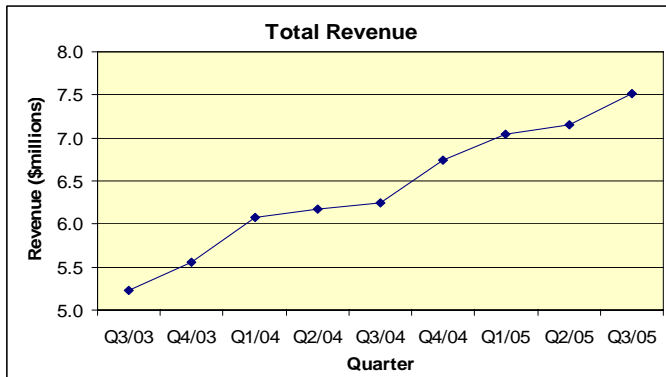
The Fund's activities are currently only in the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino and the Service Plus Inns & Suites Hotel (the "Hotel") both located in Grande Prairie. As a complement to the Hotel, the Fund owns a retail complex (the "Strip Mall") that leases space to separate liquor store, pub and full service restaurant operations. The Fund is also a joint venture partner in Deerfoot Inn & Casino Inc. (the "Joint Venture") that is currently constructing a 188 room full service hotel and convention centre with attached showroom and casino in Calgary.

Management believes in a combined entertainment and hospitality model. The model targets the entertainment seeker and social occasional gamer. Clean, inviting venues that deliver live entertainment, lounging and dining, rest and relaxation together with gaming are situated in community based locales.

It is the intent and practice of the Fund to distribute taxable income of the Fund to unitholders by way of cash distributions on a monthly basis.

To our Unitholders

The Trustees and management of Gamehost Income Fund are pleased to present interim results for the nine months ended September 30, 2005 (the “Period”).



Revenues rose sharply for the three months ended September 30, 2005 (the “Quarter”) setting another record for the Fund. Results surpassed management’s expectations for the Quarter. Slot and automated teller machine revenues continue to climb without any meaningful increase in the number of machines in operation. Our hotel continued to post revenue gains throughout the Quarter and Period including record revenue in September.

Good News Continues

Quarterly revenues of \$7.51 million versus \$6.25 million in Q3 2004 represent growth of 20.2% year over year and 5.1% over the previous record high posted in Q2 of this year. EBITDA margins remain strong at 56.5% for the Quarter compared with 56.3% in Q3 2004 and 56.8% in Q2 of this year. The Fund generated net earnings per unit of 57.0¢ during the Quarter. This is an increase of 10.6¢ and 2.7¢ per unit over Q3 2004 and Q2 2005 respectively. This is especially satisfying given the fact the Fund absorbed \$107 thousand in anticipated pre-opening losses from the Deerfoot Inn & Casino Joint Venture during the Quarter.

Operations

Hotel occupancy has been extremely busy during the period. During September hotel operations posted the highest monthly gross revenue since inception of the Fund. This represents a pinnacle to a growth trend that began back in September of 2004. Activity in Alberta’s oil patch is fueling the hotel performance. Slot revenues continue their pattern of steady growth. This is exceptional given the fact that there has been virtually zero growth in the number of slot machines in operation at our facilities during the Quarter. Again, oil related activity is producing conditions that fuel this growth. Job creation and high per capital incomes are resulting in higher traffic and play in our casinos. Growth in food & beverage revenue continues to follow the pattern of overall growth in the casino. Table gaming revenues have remained flat largely due to a shortage of dealers. This is especially true in Ft. McMurray where we have been unable to open tables on numerous occasions due to a shortage of staff. Management is currently working on initiatives to improve the situation.

Promising Outlook

There seems to be no near term end to the factors currently propelling Alberta’s economy. As a result we are optimistic our facilities will continue to benefit from the high level of economic activity which is producing business travel, immigration to the province and higher disposable incomes. The Fund has produced remarkable growth from our existing assets which are operating close to capacity.

Results into the 3rd week of October 2005 show continued good performance from operating assets.

Expansion of our Boomtown Casino in Ft. McMurray is proceeding as expected. Given the shortage of labour, we have been fortunate to work with contractors and personnel that we have a long history with. As a result, we have been able to move this project forward where otherwise it would have been difficult. We anticipate a partial occupancy permit and a portion of the additional 193 slot machines to be delivered for the expanded space before the end of the calendar year.

The official opening of Deerfoot Inn & Casino in Calgary is slated for November 21, 2005. The facilities are in the final stages of finishing. Alberta Gaming and Liquor Commission have begun installing gaming equipment and management staff is readying to move into the facility from temporary offices located across the street. A Job Fair was held in Calgary on October 13, 2005 to attract line staff. We were pleased with the favourable response from potential employees. The number and quality of interested individuals has alleviated many of our staffing concerns and we are now in the process of extending offers to fill all positions.

Distributable Cash

For the Period the Fund generated \$1.732 per unit in cash earnings compared to \$1.453 per unit over the same period in 2004 for an additional 27.9¢ per unit year over year. The Fund has paid out 60.4% of all cash generated during the Period. Trustees have maintained a 12.0¢ per unit per month distribution from the beginning of the calendar year to ensure the availability of cash to fund expansion projects planned and in-progress during the fiscal year.

Management is extremely fortunate to have such a dedicated and hardworking group of employees. With limited human resources our staff have applied themselves and delivered excellent financial results with to the benefit of our customers and unitholders. For this management is truly grateful.

We look forward to the end of construction and the opening of two highly anticipated properties. The new Deerfoot Inn & Casino and the expanded Boomtown Casino will provide the foundation for continued growth through 2006 and beyond. Stay with us and watch us grow!

Sincerely,



David J. Will
President and Chief Executive Officer
Gamehost Management Inc.



Darcy J. Will
Vice President
Gamehost Management Inc.

Management's Discussion and Analysis for the nine month period ended September 30, 2005

This discussion should be read in conjunction with the reported financial results for the nine month period ended September 30, 2005 (the "Period"). Consolidated interim financial statements for the Period have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP).

Caution to the Reader

Quarterly figures and comparisons contained in this management discussion and analysis have not been independently audited or reviewed by the Fund's external auditors.

This management discussion and analysis may make reference to earnings before interest, taxes, depreciation and amortization (EBITDA). EBITDA is a non-GAAP measure and is provided for information only. EBITDA calculations should not be relied upon as a sole measure of performance.

This management discussion and analysis may contain forward-looking statements. Forward-looking statements may contain words such as "anticipates", "believes", "could", "expects", "indicates", "plans" or other similar expressions that suggest future outcomes or events. Use of these statements reflect reasonable assumptions made on the basis of management's current beliefs with information known by management at the time of writing. Many factors could cause actual results to differ from the results discussed in forward-looking statements. Actual results may not be consistent with these forward-looking statements.

Quarterly Performance Summary

Quarterly Performance	2005			2004				2003
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	7,514	7,150	7,048	6,745	6,251	6,175	6,076	5,554
Expenses	3,270	3,092	3,163	3,216	2,732	2,740	2,804	2,780
EBITDA	4,244	4,059	3,885	3,529	3,519	3,435	3,272	2,774
EBITDA %	56.5%	56.8%	55.1%	52.3%	56.3%	55.6%	53.8%	49.9%
Net earnings	4,009	3,824	3,650	3,272	3,263	3,179	3,015	2,396
earnings per unit ¹	\$0.570	\$0.543	\$0.519	\$0.465	\$0.464	\$0.452	\$0.429	\$0.341

(in thousands of dollars unless stated otherwise)

¹ Basic and fully diluted

Revenues

For the eighth consecutive quarter the Fund broke total revenue records with minimal change in the revenue producing assets operated in Q2 2005.

Total Revenue	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
	21,711.6	18,501.5	17.4%	7,513.6	6,251.3	20.2%	7,150.4	5.1%

(in thousands of dollars unless stated otherwise)

Hotel Rooming Revenue

Hotel - Rooming	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Rooming	2,865.6	2,425.6	18.1%	1,012.0	769.1	31.6%	859.8	17.7%
Occupancy	83.8%	73.8%	10.1%	88.2%	69.8%	18.4%	76.3%	11.9%
Average Rate	\$102.53	\$97.23	5.5%	\$102.74	\$97.14	5.8%	\$101.97	0.8%

(in thousands of dollars unless stated otherwise)

Hotel Rooming includes both guest and meeting room sales at the Hotel. The Hotel had an exceptional Quarter breaking previous total revenue records. Higher sales are attributable to record activity levels in the oil patch and spin-off industries. In the month of September occupancy levels approached 95%. Increased room rates added to the favourable financial impact of higher occupancy levels.

Table Game Revenue

Table Games	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
All Others	2,839.3	3,045.8	(6.8%)	927.4	968.3	(4.2%)	908.4	2.1%
Poker	250.9	130.9	91.8%	67.6	43.5	55.5%	85.4	(20.9%)
Caribbean Stud	164.1	-	-	48.5	-	-	57.1	(15.0%)
	3,254.4	3,176.7	2.4%	1,043.5	1,011.8	3.1%	1,051.0	(0.7%)

(in thousands of dollars unless stated otherwise)

Total table gaming revenue decreased marginally from Q2. Boomtown Casino is currently experiencing a shortage of dealers and therefore could not open several gaming tables and did not open the poker tables at all during September, except for weekly tournaments. A number of large wins were paid out on Caribbean Stud at Boomtown during the Quarter which depleted the jackpot. As a result, it was necessary to inject "seed" monies to the jackpot account in order to attract players. This "seed" contribution decreases revenue. Caribbean Stud revenue for the comparable periods in 2004 was included in other table revenue and not broken out separately at the time.

Slot Machine Revenue

Slot Machine	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Revenue	10,040.7	8,346.8	20.3%	3,570.9	2,924.9	22.1%	3,390.6	5.3%
Machines ¹	594	576	18	594	576	18	593	1

(in thousands of dollars unless stated otherwise)

¹ Slot machine count at the end of the Period

A single slot machine was added at Great Northern Casino increasing their total to 388 machines. Boomtown Casino remains at 206 machines. Slot machine revenues reached record highs again this Quarter. The strength of the local economies of Ft. McMurray and Grande Prairie continue to fuel growth as do rising per capita income levels.

Food & Beverage (“F&B”) Revenue

F&B Revenue	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Food & mix	568.2	454.1	25.1%	196.8	153.8	27.9%	177.2	11.0%
Liquor	2,995.8	2,398.0	24.9%	1,011.8	823.7	22.8%	988.9	2.3%
	3,564.0	2,852.1	25.0%	1,208.5	977.5	23.6%	1,166.1	3.6%

(in thousands of dollars unless stated otherwise)

Great Northern Casino regained their sales volume in both the food and beverage areas after a slower second quarter. Boomtown Casino’s revenue in this sector remained constant from the previous quarter.

F&B Margins	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Food & mix	12.4%	14.8%	(3.2%)	13.1%	16.0%	(2.8%)	11.4%	1.7%
Liquor	72.2%	71.8%	0.4%	72.4%	71.7%	0.7%	72.1%	0.3%
Total	62.7%	62.7%	(0.1%)	62.7%	62.9%	(0.2%)	62.9%	(0.2%)

(in thousands of dollars unless stated otherwise)

Overall margins remain essentially flat. Some minor fluctuations in the food & mix and liquor categories result from variations in the product sales mix.

Lease and Rental Revenue

Lease and rental revenue includes three leases in the Strip Mall in Grande Prairie as well as lease and rental revenues generated within the casinos from 3rd party providers of on premises food services.

Lease & Rental	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total	222.0	218.8	1.4%	73.5	73.3	0.3%	73.6	(0.1%)

(in thousands of dollars unless stated otherwise)

Lease and rental revenues for the Period are reflective of expected levels for the duration of the year. Amounts include four agreements for which term rates have been established for the calendar year 2005 and beyond. In the case of the Strip Mall, monthly lease payments are partially based on estimated common area costs which may result in an adjustment at calendar year end.

Other Revenue

Other revenue includes automated teller fees, movie rentals, cigarette sales, ticket revenue and other miscellaneous service revenues at both casinos and the Hotel. Also included are commission sales from a new lottery ticket terminal at Great Northern Casino which was added at the end of July.

Other	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total	1,764.9	1,481.5	19.1%	605.2	494.7	22.3%	609.4	(0.7%)

(in thousands of dollars unless stated otherwise)

ATM’s produced record revenues during the Quarter at both Great Northern Casino and Boomtown Casino based on higher transaction volumes which are highly correlated to slot play.

Expenses

Total Expenses

Expenses	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total	9,523.9	8,275.0	15.1%	3,269.5	2,731.5	19.7%	3,091.8	5.7%
% of Revenues	43.9%	44.7%	(0.8%)	43.5%	43.7%	(0.2%)	43.2%	0.3%

(in thousands of dollars unless stated otherwise)

Expressed as a percentage of total revenues, total expenses continue to fall as a result of higher overall sales combined with fixed portions of total expenses.

Human Resources

General administrative salaries, trustee and management fees, benefit costs, payroll taxes and other miscellaneous costs are all combined under this heading.

Human Resources	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Operations	3,920.0	3,677.1	6.6%	1,293.1	1,223.3	5.7%	1,306.7	(1.0%)
General admin	390.8	267.5	46.1%	178.0	87.6	103.1%	109.9	61.9%
Trustee fees	122.8	-	-	32.0	-	-	51.8	(38.2%)
Management fees	243.0	202.5	20.0%	93.0	67.5	37.8%	75.0	24.0%
Total	4,676.5	4,147.1	12.8%	1,596.1	1,378.4	15.8%	1,543.4	3.4%
% of Revenues	21.5%	22.4%	(0.9%)	21.2%	22.1%	(0.9%)	21.6%	(0.4%)

(in thousands of dollars unless stated otherwise)

Operations salaries were lower in the Quarter compared to Q2 due to vacant positions. Joint venture salaries and wages for Deerfoot Inn & Casino are included under the heading General admin. These costs total \$85 thousand for the Quarter and \$100 thousand for the Period and represent pre-opening costs. Trustee fees for 2004 were not recorded until December of 2004 following Board approval of a Compensation Committee recommendation. Trustee fees during the Quarter are sharply reduced from Q2 because of fewer meetings and two vacant Board positions. Management fees recorded in the Quarter reflect an adjustment in the projected 2005 EBITDA calculation on which management fees are based.

Marketing and Promotions

Marketing and promotions include all donations, sponsorships and complementary services offered at facilities in addition to sales and advertising expenses.

Marketing & Promotions	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total	516.0	484.3	6.6%	186.8	198.1	(5.7%)	198.3	(5.8%)
% of Revenues	2.4%	2.6%	(0.2%)	2.5%	3.2%	(0.7%)	2.8%	(0.3%)

(in thousands of dollars unless stated otherwise)

Operating Costs

Operating	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total	2,175.7	1,865.6	16.6%	763.5	570.4	33.9%	686.6	11.2%
% of Revenues	10.0%	10.1%	(0.1%)	10.2%	9.1%	1.0%	9.6%	0.6%

(in thousands of dollars unless stated otherwise)

There was a combination of operating costs which contributed to higher figures. One example would be a shift to consistently higher quality entertainment booked into our facilities. Rising utility costs also explains a significant portion of the increased costs.

The lease agreement for Boomtown Casino includes a base rent and a percentage of revenue components. The formula for determining lease payments on the old lease worked on an annual cycle beginning in June of each year. The revenue threshold at which the percentage of revenue component of the lease payment kicks in was reached in mid-September of this Quarter. This lease was renegotiated to include the expanded property and will take effect November 1, 2005 expiring October 31, 2020. The lease has a renewal option for an additional five years. The new lease is structured in a similar fashion to the predecessor lease except that the annual cycle will begin November 1 of each year.

General and Administrative

General & Administrative	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total	737.6	615.5	19.8%	241.8	190.2	27.1%	203.4	18.9%
% of Revenues	3.4%	3.3%	0.1%	3.2%	3.0%	0.2%	2.8%	0.4%

(in thousands of dollars unless stated otherwise)

An insurance adjustment of \$46 thousand reducing premium expenses in Q2 distorts this comparison to the Quarter. Year over year increases are largely due to increased travel expenses for air travel related to construction at Boomtown.

Depreciation and Amortization

Depreciation based on existing working assets at scheduled depreciation rates is expensed evenly over the fiscal year for accounting purposes and adjusted for additions/deletions at year end. Reductions in comparative amortization are due to declining book values of the assets as a result of amortizations recorded in prior years.

Amortizations	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total	705.1	768.7	(8.3%)	235.0	256.2	(8.3%)	235.0	-
% of Revenues	3.2%	4.2%	(0.9%)	3.1%	4.1%	(1.0%)	3.3%	(0.2%)

(in thousands of dollars unless stated otherwise)

Facilities

Capital Expenditures	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Maintenance	73.6	(99.7)	173.8%	15.1	24.8	(39.1%)	7.8	93.6%
Expansion	7,646.1	2,363.2	223.5%	2,813.9	1,099.6	155.9%	2,774.9	1.4%
	7,719.7	2,263.5	241.0%	2,829.0	1,124.4	151.6%	2,782.7	1.7%

(in thousands of dollars unless stated otherwise)

Computer replacements and small furnishings make up capital maintenance expenditures during the Quarter. Capital expansion expenditures include \$37 thousand in leasehold improvements for additional head office space and \$182.5 thousand in ongoing construction cost for the expansion at Boomtown Casino. Expansion capital also includes \$55.2 thousand in capitalized interest and \$2.6 million, representing the Fund's 40% Participating Interest in ongoing construction costs for the Deerfoot Inn & Casino Joint Venture.

Joint Venture

Construction of Deerfoot Inn & Casino has progressed to the finishing stages in the hotel lobby, pool, restaurant and banquet facilities while the hotel tower and casino are now working on common deficiencies associated with final acceptance of the trades work. A review of the hard construction costs would indicate an approximate overrun of 2% to 5%. Given the pressures coping in an over tapped Calgary construction market these results have to be viewed as positive.

The grand opening is set for November 21, 2005. Management has been busy making all final arrangements in anticipation of opening.

Pre-opening operational losses totaling \$143 thousand represent the Fund's Participating Interest in these costs for the Period. These consist predominantly of salaries expenses for management already on the payroll. These costs will begin to mount more significantly in the days prior to opening as we conduct staff training and dry runs with a full contingent of line workers. Management anticipates pre-opening and initial operating losses of approximately \$1.5 million in total for the Joint Venture. These costs will be financed in accordance with Contributing Interest Responsibilities as set out in the Joint Venture Agreement.

The Joint Venture has issued further cash call projections to the Joint Venture Partners outlining the areas and amounts of anticipated expenditure. The Fund has a Contributing Interest Responsibility of 47.75% for these additional costs as follows:

Cash floats	\$	1,250,735
Other working capital		589,474
Pre-opening costs and initial losses		716,250
Additional land for parking including improvements		750,511
Cost overrun on original building scope		477,500
	\$	<u>3,784,470</u>

The Fund has received or expects to receive invoices for the above additional funding as follows:

October 10, 2005	\$	716,250
November 1, 2005		716,250
November 15, 2005		1,193,750
January 1, 2005		955,000
April 1, 2006		203,220
	\$	<u>3,784,470</u>

Financing of the Fund's obligations to the Joint Venture will be made firstly from available cash and then from remaining availability on the Fund's term loan. Management is currently negotiating longer term financing for these obligations by way of first mortgages on its other operating assets. This is being done in conjunction with a concurrent review of the Fund's projected tax situation for year end.

Financial Condition

Liquidity and Capital Resources

Assets total \$86.6 million for the Fund at the end of the Quarter, an increase of \$4.3 million from the previous quarter. Cash and cash equivalents totaled \$8.3 million, up \$1.9 million from the previous quarter.

The Fund has access to \$7.0 million in term financing from the Canadian Western Bank ("CWB"). The loan is secured by the Fund's casino and hotel assets in Grande Prairie. Interest on the term loan floats at 1.5% above the CWB prime lending rate. The loan will mature in May of 2007. The loan agreement includes penalties for early repayment. To date, the Fund has drawn \$3.8 million of this loan.

The Fund is required by the AGLC to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP") to support its gaming operations. Available credit remaining on the \$7 million credit facility with CWB is considered working capital for the purpose of calculating MCNWCP. The Fund operates well above the MCNWCP required by the AGLC.

Debt financing in the name of the Joint Venture is covered by a \$24.0 million project facility loan from CWB. The loan is secured by a first charge on the real property in the full amount of the project facility loan. Additional security in the form of a limited liability guarantees were provided severally by each joint venture partner in proportion to their Contributing Interest Responsibilities. Gamehost Limited Partnership provided a guarantee of \$11.46 million. Interest on the project facility loan floats at 1.5% above the CWB prime lending rate. The loan will mature March 1, 2006 at which point the intension is to secure a commercial mortgage. The loan agreement stipulates extension terms. To date, the Joint Venture has drawn \$17.84 million on this loan of which the Fund is responsible for a 40% Participating Interest or \$7.13 million.

Distributable Cash

The Fund's mandate is to make consistent monthly cash payments to unitholders based on management's projections of the year's distributable cash. Distributable cash is defined as net income determined in accordance with Canadian GAAP, subject to certain adjustments as set out in the Declaration of Trust, including:

- a) adding the following items: amortization on property, plant & equipment, future income tax expense and losses on dispositions of assets; and
- b) deducting the following items: future income tax credits, gains on dispositions of assets and capital maintenance expenditures.

Other adjustments may be made to distributable cash as determined by a majority of the Trustees in their discretion. It is the intention of the Fund trustees to distribute sufficient income from the Fund so that the Fund will not have any liability for tax under Part I of the Income Tax Act.

Gamehost Income Fund announced monthly distributions of \$0.12 per unit for each month during the Quarter. In addition, the Fund declared a regular monthly distribution of \$0.12 per unit for the month of

October 2005. Declared monthly distributions are paid on or about the 15th of the month following declaration.

Summary of Distributable Cash	Q3 (nine months)		Q3 (three months)	
	2005	2004	2005	2004
Net earnings for the Period	\$ 11,482,599	\$ 9,457,739	\$ 4,009,067	\$ 3,263,540
Add:				
Amortization of property, plant & equipment	705,100	768,730	235,034	256,243
Cash generated	\$ 12,187,699	\$ 10,226,469	\$ 4,244,101	\$ 3,519,783
Cash generated/unit	\$ 1.732	\$ 1.453	\$ 0.603	\$ 0.500
Distributions declared	\$ 7,598,719	\$ 7,598,719	\$ 2,532,906	\$ 2,532,906
Distributions declared/unit	\$ 1.080	\$ 1.080	\$ 0.360	\$ 0.360
Cash in excess of distributions	\$ 4,588,980	\$ 2,627,750	\$ 1,711,195	\$ 986,877
Cash in excess of distributions/unit	\$ 0.652	\$ 0.373	\$ 0.243	\$ 0.140
Less:				
Capital expenditures from operating cash flow ¹	\$ 529,660	\$ 2,263,545	\$ 289,722	\$ 1,124,366
Cash surplus for the Period	\$ 4,059,320	\$ 364,205	\$ 1,421,473	-\$ 137,489
Cash surplus for the Period/unit	\$ 0.577	\$ 0.052	\$ 0.202	-\$ 0.020

¹ Amounts include only direct cash contributions by the Fund for capital purchases or financing of the Joint Venture project in Calgary. The Fund's proportionate share of drawings on a project facility loan arranged directly by the Joint Venture is excluded. The Fund made no direct cash contributions to the Joint Venture during the Period. The majority of amounts in comparable periods were, however, direct cash contributions from the Fund as part of its Contributing Interest financing of the Joint Venture project.

Business Risks and Outlook

Economic growth and prosperity can be a double edge sword. Along with increased opportunities for business created by a heated economy come pressures in the labour market. The pressures have been manageable in the short term by keeping pace with competitive wage offerings and a first time implementation of benefits to line staff effective January 1, 2006. Management is pursuing applications for foreign workers to relieve this pressure in areas where it is most acute.

Our Boomtown Casino expansion is proceeding nicely. Total project costs including fixturing are expected to be \$2.2 million up from our preliminary estimate of \$1.5M. The project will be completed slightly later than planned winding up early in the New Year. Management still hopes to gain partial occupancy before year end and take delivery of a portion of the 193 additional slot machines that will bring the facility total to 399 machines on completion. The expansion is expected to add a further 20 to 23 full time and part time positions. Labour and housing shortages in the Ft. McMurray area are a concern as we approach the period for staffing. There is already an acute shortage of dealers affecting our ability to open all gaming tables on a consistent basis. Foreign worker applications, pay increases and a benefit plan are all being implemented to resolve the shortages. Management has also stepped up its' dealer training programs which already look like they will yield favourable results.

Construction on Deerfoot Inn & Casino is proceeding on schedule. The hotel tower and casino are nearing completion for occupancy. Alberta Gaming and Liquor Commission have delivered approximately 300 slot

machines and technicians are on site installing. Finishing in the hotel lobby, restaurant, lounge, pool and main banquet areas is now the main focus. Early projections on final project costs indicate an overrun of approximately 2% to 5% of the total hard costs. This is remarkably positive given the over heated construction market in Calgary.

Pre-opening operational expenses incurred will be recovered over the months following opening. November 21, 2005 has been set as the official opening date for Deerfoot Inn & Casino. Management is set to move from temporary facilities to the administrative areas of the new premises the week of October 24, 2005. From there they will continue to complete the final planning activities for opening. A Job Fair was held on October 13, 2005 to provide prospective employees an opportunity to introduce themselves to facility department heads, learn the host of job opportunities available and make formal application for employment. The favourable response to this event exceeded all expectations considering the tight labour market. Construction of the new facility has been building local interest for some time and the close proximity of new employment opportunities for local residents seems to have generated significant interest. We are confident that we will open with a full contingent of qualified and capable staff.

Smokeless workplace initiatives have not yet impacted any of our operating facilities. The potential, however, for these pressures to mount in our locations does exist. Currently, provincial governments have left the decisions concerning these regulations with local municipal governments. We are monitoring the situation closely and studying the resulting impact in other locals. The initial negative impact to casino operators elsewhere has certainly softened as patrons resolve themselves to the new regulations.

In September of 2005 the Department of Finance of the Government of Canada issued a consultation paper titled "Tax and Other Issues Related to Publicly Listed Flow-Through Entities". Flow-through entities ("FTE's") include income trusts and limited partnerships. In brief, the document was follow up to a federal budget 2005 initiative to conduct open consultations with stakeholders on tax related issues concerning FTE's.

October 26, 2005

Notice of No Auditor Review

The accompanying un-audited consolidated interim financial statements of the Fund have been prepared by management in accordance with generally accepted accounting principles. Management accepts sole responsibility for the material correctness of reported results.

Readers are cautioned that these financial statements have not been independently audited or reviewed by the Fund's external auditors.

Consolidated Balance Sheets

(un-audited)

	<u>September 30, 2005</u>	<u>December 31, 2004</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,315,304	\$ 5,238,021
Accounts receivable	501,608	431,643
Current portion of Notes Receivable	6,210	24,423
Inventories	113,120	82,688
Prepaid expenses	195,149	36,544
Due from related parties	-	216,522
	<u>9,131,391</u>	<u>6,029,841</u>
Notes receivable	113,914	113,914
Property, plant & equipment	31,292,172	24,277,603
Licenses	3,500,000	3,500,000
Goodwill	42,579,216	42,579,216
	<u>86,616,693</u>	<u>\$ 76,500,574</u>
Liabilities and unitholder equity		
Current liabilities:		
Accounts payable	\$ 1,857,338	\$ 1,876,660
Accrued liabilities	273,065	685,841
Term Loan	3,800,000	2,300,000
Project Loan	7,134,376	-
Unitholder distributions payable	844,302	2,814,340
	<u>13,909,081</u>	<u>7,676,841</u>
Class B limited partnership units	<u>36,874,685</u>	<u>38,306,640</u>
	50,783,766	45,983,481
Unitholders' equity	<u>35,832,927</u>	<u>30,517,093</u>
	<u>\$ 86,616,693</u>	<u>\$ 76,500,574</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Unitholders' Equity

(un-audited)

	nine months ended September 30		three months ended September 30	
	2005	2004	2005	2004
Balance at the beginning of the period	\$ 30,517,093	\$ 30,200,980	\$ 35,079,506	\$ 30,749,573
Correction of prior year earnings allocation	(68)	-	-	-
Class "B" Limited Partnership Units converted to Class "A" Units	3,430,000	-	-	-
Reorganization costs	-	27,682	-	-
Net income	5,558,438	4,366,099	2,046,200	1,506,591
Distributions to unitholders	<u>(3,672,535)</u>	<u>(3,507,895)</u>	<u>(1,292,778)</u>	<u>(1,169,298)</u>
Balance at the end of the period	<u>\$ 35,832,928</u>	<u>\$ 31,086,866</u>	<u>\$ 35,832,928</u>	<u>\$ 31,086,866</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

(un-audited)

	nine months ended September 30		three months ended September 30	
	2005	2004	2005	2004
Revenue				
Hotel - rooming	\$ 2,865,649	\$ 2,425,613	\$ 1,011,969	\$ 769,080
Table games	3,254,383	3,176,676	1,043,509	1,011,770
Slot machines	10,040,671	8,346,771	3,570,912	2,924,940
Food & beverage services	3,563,991	2,852,102	1,208,474	977,475
Lease and rental	221,984	218,843	73,517	73,296
Other	1,764,902	1,481,505	605,230	494,725
	<u>21,711,580</u>	<u>18,501,510</u>	<u>7,513,611</u>	<u>6,251,286</u>
Expenses				
Cost of goods sold	1,418,128	1,162,483	481,321	394,450
Human resources	4,676,499	4,147,119	1,596,065	1,378,390
Marketing and promotions	516,002	484,257	186,820	198,056
Operating	2,175,668	1,865,639	763,485	570,402
Corporate and general administration	737,584	615,543	241,819	190,205
	<u>9,523,881</u>	<u>8,275,041</u>	<u>3,269,510</u>	<u>2,731,503</u>
Earnings before amortization and income allocation to Class B Limited Partners	12,187,699	10,226,469	4,244,101	3,519,783
Amortization	(705,101)	(768,730)	(235,035)	(256,243)
Income allocation to Class B Limited Partners	<u>(5,924,160)</u>	<u>(5,091,640)</u>	<u>(1,962,866)</u>	<u>(1,756,949)</u>
Net income	<u>\$ 5,558,438</u>	<u>\$ 4,366,099</u>	<u>\$ 2,046,200</u>	<u>\$ 1,506,591</u>
Earnings per unit				
Weighted average and fully diluted	<u>\$ 1.632</u>	<u>\$ 1.344</u>	<u>\$ 0.570</u>	<u>\$ 0.464</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(un-audited)

	nine months ended September 30		three months ended September 30	
	2005	2004	2005	2004
Cash provided by (used for) operations				
Net income	\$ 5,558,438	\$ 4,366,099	\$ 2,046,200	\$ 1,506,591
Add non-cash items:				
Allocation of net income to class B limited partners	5,924,160	5,091,640	1,962,866	1,756,949
Amortization of property, plant & equipment	705,101	768,730	235,035	256,243
	<u>12,187,699</u>	<u>10,226,469</u>	<u>4,244,101</u>	<u>3,519,783</u>
Net changes in non-cash working capital:				
Accounts receivable	(69,965)	265,423	21,993	387,951
Inventories	(30,432)	(13,899)	(27,453)	(18,389)
Prepaid expenses	(158,605)	(89,146)	190,272	131,019
Accounts payable and accrued liabilities	(432,098)	471,027	55,632	543,041
Unitholder distributions payable	(1,970,038)	35,179	-	-
	<u>9,526,561</u>	<u>10,895,053</u>	<u>4,484,545</u>	<u>4,563,405</u>
Financing				
Advances to/from related parties	216,522	(173,458)	-	10
Drawings from Term Loan	1,500,000	-	-	-
Drawings from Joint Venture project loan	7,134,376	-	2,748,880	-
Reorganization costs	-	27,679	-	-
Proceeds from collection of notes receivable	18,213	20,964	6,171	7,120
Distributions to Class B Limited Partners	(3,926,183)	(4,090,824)	(1,240,127)	(1,363,608)
Unitholder distributions	(3,672,535)	(3,507,895)	(1,292,778)	(1,169,298)
	<u>1,270,393</u>	<u>(7,723,534)</u>	<u>222,146</u>	<u>(2,525,776)</u>
Investments				
Purchase of property, plant & equipment	(7,719,671)	(2,263,545)	(2,829,022)	(1,124,366)
	<u>(7,719,671)</u>	<u>(2,263,545)</u>	<u>(2,829,022)</u>	<u>(1,124,366)</u>
Increase in cash and cash equivalents	3,077,283	907,974	1,877,669	913,263
Opening cash and cash equivalents	<u>5,238,021</u>	<u>4,106,951</u>	<u>6,437,635</u>	<u>4,101,662</u>
Closing cash and cash equivalents	<u>\$ 8,315,304</u>	<u>\$ 5,014,925</u>	<u>\$ 8,315,304</u>	<u>\$ 5,014,925</u>
Supplemental cash flow information:				
Cash interest paid	\$ 310,266	\$ 280	\$ 140,849	\$ 270
Cash interest received	59,758	36,292	24,280	9,450

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

nine month period ended September 30, 2005
(un-audited)

1. Basis of Preparation

These interim consolidated financial statements of the Fund have been prepared by management in accordance with Canadian generally accepted accounting principles. They were prepared applying the same accounting policies and methods as are used to prepare annual audited consolidated financial statements of the Fund. Interim consolidated figures include the results of the Fund, the Trust, the Limited Partnership with all its operating divisions and the Fund's proportionate share of the activities of the Joint Venture. The preparation of these interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality.

2. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year method of presentation.

3. Related Party Transactions

The Deerfoot Inn & Casino Inc. Joint Venture is jointly owned by the Fund, Will Inns Ltd., Winners Gaming Inc. and JM Wood Investments Ltd. The Fund's 40% interest is accounted for utilizing the proportionate consolidation method. JM Wood Investments Ltd. is controlled by Mr. Jed Wood, a former Trustee of the Fund. Winners Gaming Inc. is controlled by Mr. Darcy J. Will. Will Inns Ltd. is controlled by Mr. David J. Will. Mr. David J. Will and Mr. Darcy J. Will are trustees of the Fund.

Included in the Quarter's human resource costs are \$93,000 (2004 - \$67,500) paid or accrued to Gamehost Management Inc. for management services provided to the Fund. Gamehost Management Inc. is controlled by David J. Will and Darcy J. Will. Current compensation amounts are based on 2% of projected EBITDA as approved by the Board.

The Fund paid cash distributions of \$1,240,127 (2004 - \$1,363,608) to Class B Partnership unitholders during the Quarter. DJ Will Holdings Limited, Will Inns Ltd., and Darcy Co. Holdings Ltd. owned 89% of the Class B Partnership Units at the end of September. DJ Will Holdings Limited and Will Inns Ltd. are controlled by Mr. David J. Will. Darcy Co. Holdings Ltd is controlled by Mr. Darcy J. Will.

Included in the Quarter's General and Administrative expenses is \$41,103 in air travel expenses paid to Will Air Ltd. The company provides charter air services to the Fund pursuant to an agreement with Gamehost Management Inc. Will Air Ltd. is controlled by Mr. David J. Will and Mr. Darcy J. Will.

Related party transactions are measured at the exchange amounts which are the amounts agreed to by the related parties.

Notes to Consolidated Financial Statements

nine month period ended September 30, 2005

(un-audited)

4. Distributions to Unitholders

The Fund declared distributions totaling \$2,532,906 for the Quarter (2004 Q3 - \$2,532,906) which include regular monthly planned distributions of \$0.12 per unit for each of the months July, August and September. The September distribution is recorded as payable at the end of the Period. Following the end of Period trustees declared a \$0.12/unit cash distribution for the month of October 2005. Significant dates for these distributions are set out below.

2005 Distribution Summary

Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	15-Jan-05	31-Jan-05	15-Feb-05	\$0.12
February	16-Feb-05	28-Feb-05	15-Mar-05	\$0.12
March	15-Mar-05	31-Mar-05	15-Apr-05	\$0.12
April	19-Apr-05	30-Apr-05	16-May-05	\$0.12
May	13-May-05	31-May-05	15-Jun-05	\$0.12
June	22-Jun-05	30-Jun-05	15-Jul-05	\$0.12
July	15-Jul-05	31-Jul-05	15-Aug-05	\$0.12
August	03-Aug-05	31-Aug-05	15-Sep-05	\$0.12
September	08-Sep-05	30-Sep-05	14-Oct-05	\$0.12
October	12-Oct-05	31-Oct-05	15-Nov-05	\$0.12

5. Class B Partnership Units

The B Units have the attributes of a minority interest position and have been reflected in these consolidated financial statements as such. There were 3,444,800 B Units issued and outstanding at the end of the Quarter.

6. Fund Units

3,248,051 Fund Units were issued effective June 1, 2003. There are 3,591,051 Fund Units issued and outstanding at the end of the Quarter. The Fund does not have any options, warrants, rights or convertible instruments which would be potentially dilutive.

7. Segmented Information

The Fund's operations are predominantly in the hotel accommodation and gaming industries. The Fund derives its revenues from marketing its services in Western Canada.

The hotel division includes the operations of the Hotel and Strip Mall. The gaming division includes the operations of Great Northern Casino and Boomtown Casino. Food, beverage and entertainment functions are carried out within the casino facilities but have their own management reporting to the casino.

Notes to Consolidated Financial Statements

nine month period ended September 30, 2005
(un-audited)

7. Segmented Information (cont)

General Administration includes administration of the Fund, the Trust and the Limited Partnership. General Administration also includes all operating costs from the Deerfoot Inn & Casino Joint Venture.

Hotel	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total revenue	3,104	2,662	16.4%	1,095	846	29.3%	936	17.0%
Operating Expenses								
Cost of goods sold	44	45	(3.2%)	16	15	13.0%	13	30.9%
Human resources	607	549	10.5%	186	162	14.4%	212	(12.4%)
Marketing & promo	97	110	(11.7%)	33	34	(2.8%)	35	(5.7%)
Operating	318	331	(3.9%)	112	112	0.2%	98	14.1%
Other	168	173	(2.8%)	59	66	(11.0%)	42	41.0%
	1,234	1,208	2.1%	406	389	4.4%	400	1.6%
Operating earnings before amortization (in thousands of dollars unless stated otherwise)	1,870	1,454	28.6%	689	458	50.5%	536	28.4%

Casino	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Revenue								
Tables	3,254	3,177	2.4%	1,044	1,012	3.1%	1,051	(0.7%)
Slots	10,041	8,347	20.3%	3,571	2,925	22.1%	3,391	5.3%
Other	1,675	1,410	18.9%	567	477	19.0%	584	(2.8%)
Total revenue	14,970	12,933	15.8%	5,182	4,413	17.4%	5,025	3.1%
Operating Expenses								
Cost of goods sold	-	2	-	-	-	-	-	-
Human resources	2,556	2,414	5.9%	854	819	4.3%	845	1.1%
Marketing & promo	235	208	12.8%	85	82	4.7%	89	(3.8%)
Operating	1,099	921	19.3%	353	275	28.1%	379	(6.9%)
Other	121	148	(17.8%)	49	51	(2.4%)	23	115.4%
	4,011	3,692	8.6%	1,342	1,227	9.3%	1,335	0.5%
Operating earnings before amortization (in thousands of dollars unless stated otherwise)	10,960	9,241	18.6%	3,840	3,186	20.5%	3,690	4.1%

Notes to Consolidated Financial Statements

nine month period ended September 30, 2005

(un-audited)

7. Segmented Information (cont)

Food & Beverage	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total revenue	3,564	2,856	24.8%	1,208	977	23.6%	1,166	3.6%
Operating Expenses								
Cost of goods sold	1,374	1,116	23.2%	465	380	22.5%	448	3.9%
Human resources	757	714	6.1%	253	242	4.8%	250	1.4%
Marketing & promo	156	139	12.8%	57	54	4.7%	59	(3.8%)
Operating	733	614	19.3%	235	184	28.1%	253	(6.9%)
Other	81	98	(17.8%)	33	34	(2.4%)	15	115.4%
	3,102	2,680	15.7%	1,043	893	16.8%	1,024	1.8%
Operating earnings before amortization	462	176	162.7%	165	85	95.4%	142	16.6%
(in thousands of dollars unless stated otherwise)								

General & Admin	Q3 (nine months)			Q3 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q2 2005	+(-)
Total revenue	73	50	46.8%	29	14	106.3%	23	23.6%
Operating Expenses								
Cost of goods sold	-	-	-	-	-	-	-	-
Human resources	757	470	60.9%	303	155	95.3%	237	28.0%
Marketing & promo	28	28	1.3%	11	28	(59.5)	15	(25.8%)
Operating	-	-	-	-	-	-	-	-
Other	393	196	100.2%	164	40	314.6%	81	104.1%
	1,178	694	69.7%	479	223	114.9%	332	44.0%
Operating earnings before amortization	(1,105)	(644)	71.4%	(450)	(209)	115.5%	(309)	45.5%
Amortizations	705	769	(8.3%)	235	256	(8.3%)	235	-
Earnings after amortizations	(1,810)	(1,413)	28.1%	(685)	(465)	47.3%	(544)	25.9%
(in thousands of dollars unless stated otherwise)								

Notes to Consolidated Financial Statements

nine month period ended September 30, 2005

(un-audited)

7. Segmented Information (cont)

Property Plant & Equipment		
	September 30, 2005	December 31, 2004
Hotel		
Goodwill and licenses	4,579	4,579
Working assets	8,974	8,949
Work-in-progress	4,628	2,426
	18,181	15,954
Casino		
Goodwill and licenses	41,500	41,500
Working assets	5,245	5,223
Work-in-progress	8,754	4,449
	55,499	51,172
Food & Beverage		
Working assets	3,496	3,482
Work-in-progress	2,314	1,213
	5,810	4,695
General Administration		
Working assets	156	106
Work-in-progress	-	-
	156	106
Total		
Goodwill and licenses	46,079	46,079
Working assets	17,871	17,760
Work-in-progress	15,696	8,088
	79,646	71,927

PP&E ¹ and Intangibles at NBV ²		
	September 30, 2005	December 31, 2004
Hotel	12,470	12,781
Casino	46,066	46,254
F&B	3,038	3,170
General & Admin	100	65
Work-in-progress	15,696	8,087
	77,371	70,357

(in thousands of dollars unless stated otherwise)

¹ PP&E (Property, Plant & Equipment)

² NBV (Net Book Value)

Notes to Consolidated Financial Statements

nine month period ended September 30, 2005

(un-audited)

8. Investment in the Joint Venture

The Fund is invested in Deerfoot Inn & Casino Inc. Joint Venture, a hotel/convention/entertainment/gaming joint venture project in Calgary, Alberta. The Fund holds a 40% Participating Interest and a 47.75% Project Contributing Interest in this joint venture. The Fund's consolidated financial statements include its Participating Interest in the assets, liabilities, revenues and expenses and net income, and cash flows resulting from operating, investing and financing activities of the joint venture, which are as follows:

Deerfoot Inn & Casino Inc.

(un-audited)

Balance Sheet

	September 30, 2005	December 31, 2004
Assets		
Cash	\$ 503,940	\$ 441,384
Other current assets	147,874	364,579
Current assets	651,814	805,963
Non-current assets	\$ 13,928,625	\$ 8,001,958
	\$ 14,580,439	\$ 8,807,921
Current Liabilities		
Payables and accrued liabilities	\$ 1,074,751	\$ 1,027,431
Construction loan	7,134,376	-
	8,209,127	1,027,431
Equity	\$ 6,371,312	\$ 7,780,490
	\$ 14,580,439	\$ 8,807,921

Cash Flows

	nine months ended September 30		three months ended September 30	
	2005	2004	2005	2004
Operating activities	\$ (143,559)	\$ (457)	\$ (107,821)	\$ (457)
Investing activities	(6,928,261)	(4,019,092)	(2,425,346)	(1,277,582)
Financing activities	7,134,376	4,597,105	2,748,880	1,544,663
Increase in cash	\$ 62,556	\$ 577,556	\$ 215,713	\$ 266,624
Beginning cash	441,384	11,419	288,227	322,351
Ending cash	\$ 503,940	\$ 588,975	\$ 503,940	\$ 588,975

The above statement reports the Fund's 40% proportionate share of the Joint Ventures activities including a loss in the joint venture operations of \$143,559 for the Period consisting of pre-opening costs.

Notes to Consolidated Financial Statements

nine month period ended September 30, 2005
(un-audited)

8. Investment in the Joint Venture (cont)

The Fund is severally liable for all obligations of the Joint Venture in proportion to its Participating Interest or Contributing Responsibility as the case may be. All Joint Venture partners are contingently liable for obligation of the Joint Venture in situations where other Joint Venture partners are in default as defined by the Joint Venture Agreement. All of the assets of the Joint Venture are available for the purpose of satisfying any such obligation. No provision for any contingent amount payable has been accrued to these financial statements.